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Michigan Department of Treasury.

2008 MICHIGAN Business Tax Election of Refund or Carryforward of Credits

Issued under authority of Public Act 36 of 2007.

| | |
|------|--|
| Name | Federal Employer Identification Number (FEIN) or TR Number |
|------|--|

1. Tax liability before Anchor Company Taxable Value Credit from Form 4573, line 51, or tax liability before Brownfield Redevelopment Credit from Form 4596, line 23, or tax after Gross Receipts Filing Threshold from Form 4583, line 21.

ANCHOR COMPANY TAXABLE VALUE CREDIT. If not claiming, carry amount from line 1 to line 6.

2. Unused credit from previous period MBT return.....
3. Tax After Previous Period Credit. Subtract line 2 from line 1. If less than zero, enter zero
4. Remaining unused credit from previous period MBT return. If line 2 is greater than line 1, enter the difference 4. 00
5. Available credit from the MEGA Certificate (attach)
6. Tax After Current Period Credit. Subtract line 5 from line 3. If less than zero, enter zero here and complete line 7; Otherwise, skip to line 8
7. If line 5 is greater than line 3, elect a refund or carryforward of credit by entering the difference on either line 7a or 7b.
- a. Refundable Amount. Carry amount to Form 4574, line 18 7a. 00
- b. Carryforward Amount..... 7b. 00
8. Total Credit Carryforward. Add lines 4 and 7b 8. 00
9. **Anchor Company Taxable Value Credit.** Subtract line 6 from line 1. Carry amount to Form 4573, line 52..... 9. 00

ANCHOR COMPANY PAYROLL CREDIT. If not claiming, carry amount from line 6 to line 14.

10. Unused credit from previous period MBT return.....
11. Tax After Previous Period Credit. Subtract line 10 from line 6. If less than zero, enter zero
12. Remaining unused credit from previous period MBT return. If line 10 is greater than line 6, enter the difference..... 12. 00
13. Available credit from the MEGA Certificate (attach)
14. Tax After Current Period Credit. Subtract line 13 from line 11. If less than zero, enter zero here and complete line 15; Otherwise, skip to line 16.....
15. If line 13 is greater than line 11, elect a refund or carryforward of credit by entering the difference on either line 15a or line 15b.
- a. Refundable Amount. Carry amount to Form 4574, line 19 15a. 00
- b. Carryforward Amount..... 15b. 00
16. Total Credit Carryforward. Add lines 12 and 15b 16. 00
17. **Anchor Company Payroll Credit.** Subtract line 14 from line 6. Carry amount to Form 4573, line 54..... 17. 00

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MEGA FEDERAL CONTRACT CREDIT. If not claiming, carry amount from line 14 to line 22.

18. Unused credit from previous period MBT return.....
19. Tax After Previous Period Credit. Subtract line 18 from line 14. If less than zero, enter zero
20. Remaining unused credit from previous period MBT return. If line 18 is greater than line 14, enter the difference 20. 00
21. Available credit from the MEGA Certificate (attach)
22. Tax After Current Period Credit. Subtract line 21 from line 19. If less than zero, enter zero here and complete line 23; Otherwise, skip to line 24
23. If line 21 is greater than line 19, elect a refund or carryforward of credit by entering the difference on either line 23a or line 23b.
- a. Refundable Amount. Carry amount to Form 4574, line 20 23a. 00
- b. Carryforward Amount..... 23b. 00
24. Total Credit Carryforward. Add lines 20 and 23b..... 24. 00
25. **MEGA Federal Contract Credit.** Subtract line 22 from line 14. Carry amount to Form 4573, line 56..... 25. 00

BROWNFIELD REDEVELOPMENT CREDIT. If not claiming, carry amount from line 22 to line 39.**Recapture Calculation**

26. If completing Form 4569, enter amount from Form 4569, line 28b; Otherwise, enter MBT Brownfield Redevelopment Credit recapture amount..... 26. 00
27. Unused credit from previous period MBT return..... 27. 00
28. Subtract line 27 from line 26. If less than zero, enter zero 28. 00
29. Remaining prior year carryforward. If line 27 is greater than line 26, enter the difference..... 29. 00
30. Assigned credit from *MBT Brownfield Redevelopment Credit Assignment Certificate* (attach) 30. 00
31. Subtract line 30 from line 28. If less than zero, enter zero 31. 00
32. Remaining assigned credit. If line 30 is greater than line 28, enter the difference..... 32. 0
33. Available credit from *MBT Brownfield Redevelopment Credit Certificate of Completion* (attach) 33. 00
34. Subtract line 33 from line 31. If less than zero, enter zero here; Otherwise, carry amount to Form 4587, line 7..... 34. 00

Carryforward/Refund Calculation

35. Remaining current year credit. If line 33 is greater than line 31, enter the difference..... 35. 00
36. Available prior year and assigned credit. Add lines 29 and 32..... 36. 00
37. Tax after available prior year and assigned credit. Subtract line 36 from line 22. If less than zero, enter zero..... 37. 00
38. Prior year and assigned credit carryforward. If line 36 is greater than line 22, enter the difference 38. 00
39. Tax after Brownfield Redevelopment Credit. Subtract line 35 from line 37. If less than zero, enter zero here and complete line 40; Otherwise, skip to line 41
40. If line 35 is greater than line 37, elect a refund or carryforward of credit by completing either line 40a or line 40b.
- a. Refundable Amount. Enter 85% (0.85) of the difference of line 35 and line 37. Carry amount to Form 4574, line 21, or Form 4596, line 3..... 40a. 00
- b. Carryforward Amount. Enter the difference of line 35 and line 37 40b. 00
41. Total Credit Carryforward. Add lines 38 and 40b..... 41. 00
42. **Brownfield Redevelopment Credit.** Subtract line 39 from line 22. Carry amount to Form 4573, line 58, or Form 4596, line 25 42. 00

Instructions for Form 4584

Michigan Business Tax (MBT) Election of Refund or Carryforward of Credits

Purpose

To allow standard taxpayers to claim certain “hybrid” credits that, if greater than the tax liability, can either be refunded or carried forward to offset future liabilities. Credits and any overpayments are calculated here and then carried to either the *MBT Miscellaneous Nonrefundable Credits* (Form 4573) or the *MBT Refundable Credits* (Form 4574), depending on the election chosen.

Financial institutions and insurance companies may use this form to claim the Brownfield Redevelopment Credit only.

Elections must be made on the original return filed for the year in which the credit was earned. No amendment will be allowed to change this election. Amounts elected to be carried forward may not be subsequently refunded, nor can assigned credits be refunded. Treatment of any excess credit may not be split between a refund and carryforward.

Special Instructions for Unitary Business Groups

Credits on this form are earned and calculated on an entity-specific basis, as determined by relevant statutory provisions for the respective credits. Intercompany transactions are not eliminated, and the credits are applied against the tax liability of the Unitary Business Group (UBG).

Entity-specific provisions are applied on a member-by-member basis. In none of these cases does a taxpayer that is a UBG take the entity type of its parent, Designated Member (DM), or any member of the UBG. A UBG taxpayer will not be attributed an entity type based on the composition of its members.

A member of a UBG may claim any of the applicable credits contained on this form by attaching the member’s credit certificate to the return. If more than one member is claiming the same credit, the total amount from all claiming members should be entered on each corresponding line on this form. Line-by-line instructions indicate additional information required for UBGs.

Line-by-Line Instructions

Lines not listed are explained on the form.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers, the *MBT Annual Return for Financial Institutions* (Form 4590), or the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588)).

UBGs: Complete one form for the group. Enter the DM name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

Anchor Company Taxable Value Credit

The Anchor Company Taxable Value Credit is available for a qualified taxpayer that was designated by the Michigan Economic Growth Authority (MEGA) as an anchor company

within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan. An *anchor company* is “a qualified high technology business that is an integral part of a high-technology activity and that has the ability or potential ability to influence business decisions and site location of qualified suppliers and customers.” A qualified supplier or customer is a business that opens a new location in Michigan, a business that locates in Michigan, or an existing business located in Michigan that expands its business within the last year as a result of an anchor company and has:

- Financial transactions with the anchor company,
- Sells a critical or unique component or technology necessary for the anchor company to market a finished product or buys a critical or unique component from the anchor company,
- Creates more than ten qualified new jobs, and
- Has made an investment of at least \$1,000,000.

A qualified taxpayer may take a credit in an amount up to 5 percent of its supplier’s or customer’s taxable property value within a ten mile radius of the qualified taxpayer. This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer’s tax liability may be refunded or carried forward for five years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA.

MEGA will not designate more than five anchor companies in each calendar year or approve more than five new credits in any year. The statute provides for reduction, termination or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on the *MBT Schedule of Recapture of Certain Business Credits and Deductions* (Form 4587).

For more information, contact the Michigan Economic Development Corporation (MEDC) at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 2: Enter unused credit amount from a previous period MBT return.

UBGs: Enter unused credit amount from a previous period MBT return unless the qualified member has left the UBG.

Line 5: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor District Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 8: Add lines 4 and 7b. This amount is the Anchor Company Taxable Value credit carryforward to be used on the taxpayer’s next MBT return.

Anchor Company Payroll Credit

The Anchor Company Payroll Credit is available for a qualified taxpayer that was designated by MEGA as an anchor company

within the last five years and that has influenced a new qualified supplier or customer to open, locate, or expand in Michigan.

For a definition of anchor company, see instructions under Anchor Company Taxable Value Credit.

A qualified taxpayer may take a credit in an amount up to 100 percent of its supplier's or customer's payroll for employees who perform qualified new jobs multiplied by the Michigan Individual Income Tax rate. (The Michigan Individual Income Tax rate can be found at www.michigan.gov/taxes.) This credit may be taken for a period of up to five years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must be certified by MEGA.

MEGA will not designate more than five anchor companies in each calendar year or approve more than five new credits in any year; however, any subsequent credits awarded to a previously qualified taxpayer will not be included in determining the five new credits. The statute provides for reduction, termination or recapture of the credit if the taxpayer fails to comply with its agreement or the statute. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 10: Enter unused credit amount from a previous period MBT return.

UBGs: Enter unused credit amount from a previous period MBT return unless the qualified member has left the UBG.

Line 13: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Anchor Jobs Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 16: Add lines 12 and 15b. This amount is the Anchor Company Payroll credit carryforward to be used on the taxpayer's next MBT return.

MEGA Federal Contract Credit

The MEGA Federal Contract Credit is available for a qualified taxpayer or collective group of taxpayers that have been awarded a federal procurement contract from the United States Department of Defense, Department of Energy or Department of Homeland Security, resulting in a minimum of 25 new full-time jobs. The credit amount is 100 percent of the qualified taxpayer's payroll attributable to employees who perform qualified new jobs as a result of the contract multiplied by the Michigan Individual Income Tax rate.

This credit may be taken for a period of up to seven years, as determined by MEGA. Any amount that exceeds the taxpayer's tax liability may be refunded or carried forward for ten years or until it is used up, whichever occurs first. To be eligible for the credit, a taxpayer must enter into an agreement with MEGA and be certified by MEGA.

MEGA will not enter more than ten agreements in each calendar year; however, any subsequent credits awarded to a previously qualified taxpayer will not be included in determining the ten credits.

If a misrepresentation is made on the application for this credit, the designation of a qualified taxpayer may be revoked and the taxpayer may be required to refund or recapture credits received. Credit recapture is calculated on Form 4587.

For more information, contact MEDC at (517) 373-9808 or visit the MEDC Web site at michiganadvantage.org/MIAdvantage/Taxes-and-Incentives.

Line 18: Enter unused credit amount from a previous period MBT return.

UBGs: Enter unused credit amount from a previous period MBT return unless the qualified member has left the UBG.

Line 21: Approved businesses receive a certificate from MEGA each year showing the total amount of tax credit allowed. Attach the Defense Contracting Tax Credit Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 24: Add lines 20 and 23b. This is the MEGA Federal Contract Credit carryforward to be used on the taxpayer's next MBT return.

Brownfield Redevelopment Credit

The Brownfield Redevelopment Credit encourages businesses to make an investment in eligible Michigan property that was used or is currently used for commercial, industrial, public or residential purposes and is either a facility (environmentally contaminated property), functionally obsolete or blighted. Generally, functionally obsolete or blighted property must be located in a qualified local governmental unit. However, for certain smaller Brownfield Redevelopment projects, eligible property includes property that is functionally obsolete or blighted if located within a downtown development district established under Public Act (PA) 197 of 1975, Michigan Compiled Law (MCL) 125.1651 to 125.1681 or property that is a facility but is not in a qualified local governmental unit. These properties must meet additional criteria.

For the purpose of this credit, the local Brownfield Redevelopment Financing Authority designates eligible property in an approved Brownfield plan.

A qualified taxpayer may claim a credit against its MBT tax liability, provided the taxpayer has a preapproval letter issued for the project after 2007, and before 2013, and the project is completed not more than five years after the preapproval letter is issued (ten years for multiphase projects). An extension can be requested for up to ten years from the date of the preapproval letter.

MBT also allows a taxpayer that received a preapproval letter prior to January 1, 2008, under the Single Business Tax (SBT) Act to receive a Certificate of Completion and claim a credit against the tax imposed by the MBT Act, provided that all other requirements are met.

For projects approved by MEGA, prior to April 8, 2008, the credit is limited to 10 percent of the cost of the eligible

investment. For projects approved on or after April 8, 2008, the credit is authorized for a percentage of the cost of eligible investment to be determined by MEGA, up to 20 percent of the cost of the eligible investment.

Eligible investment means demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property and the addition of machinery, equipment and fixtures to eligible property. These activities must occur after the date that eligible activities on the property have begun pursuant to a Brownfield plan and no earlier than 90 days prior to the date a preapproval letter has been issued.

A qualified taxpayer must own or lease or enter an agreement to purchase or lease eligible property, and must certify that the Department of Environmental Quality (DEQ) has not sued or issued a unilateral order to the taxpayer to compel response activity on that property. In addition, DEQ may not have expended any State funds for response activity to the property and then demanded reimbursement from the taxpayer.

The process for applying for a Brownfield Redevelopment Credit is two-fold. First, a qualified taxpayer must apply for preapproval of a project. Approval of this application is discretionary. A preapproval letter will not be issued unless the Brownfield plan designating the eligible property on which the project will occur has been adopted under the Brownfield Redevelopment Financing Act. When the project is completed, taxpayers must submit the cost of the eligible investment of each qualified taxpayer entitled to a credit for the project. Upon verification of the completion of the project, the State will then issue a MEGA Certificate of Completion, and at that point the taxpayers may claim the MBT credit.

Except for a multiphase project, the Brownfield Redevelopment Credit must be claimed in the tax year in which the Certificate of Completion is issued. For credits for a project approved by MEGA with total credits greater than \$10,000,000, the credits must be claimed at the rate of 10 percent per year for ten years, beginning with the first year specified by MEGA on the Certificate of Completion.

If a Brownfield Redevelopment Credit exceeds a taxpayer's tax liability for the year, the excess may be carried forward to offset tax liability in subsequent tax years for a maximum of ten years. Beginning April 8, 2008, a qualified taxpayer may elect to have the amount of the credit that exceeds the tax liability refunded at a rate equal to 85 percent of that amount, forgoing the remaining 15 percent of the credit. This election must be made when filing the return for the tax year in which the Certificate of Completion was received.

NOTE: An unused SBT credit carryforward may be claimed against the tax imposed under the MBT for the same years the carryforward would have been available under SBT, but it expires after ten years (combined SBT and MBT years). This carryforward is claimed on the *MBT Single Business Tax Credit Carryforwards* (Form 4569).

All or a portion of the credit may be assigned. The assignment of the credit is irrevocable, and except for an assignment based on a multiphase project, must be made in the tax year in which the Certificate of Completion was issued.

The administration of the Brownfield Redevelopment Credit program is assigned to MEGA. For more information on the approval process, contact the MEDC at (517) 373-9808.

Line 26: Recapture. The disposal or transfer to another location of personal property used to calculate this credit will result in an addition to the tax liability of the qualified taxpayer who was originally awarded the credit in the year in which the disposal or transfer occurs. This is true even if the credit was assigned to someone else. This additional liability will be calculated by multiplying the same percentage as is used to calculate the credit (e.g., 10 percent) times the federal basis of the property used to calculate gain or loss as of the date of the disposition or transfer. The amount otherwise added to the tax liability may also be used to reduce any carryforward of credits available to the taxpayer.

UBGs: If any member of the UBG is reporting recapture, a statement must be attached to this form identifying the reporting member.

Line 27: Enter only the unused credit from a previous period MBT return. Available SBT credit carryforward is claimed separately on Form 4569.

UBGs: Enter unused credit amount from previous MBT return unless the qualified member has left the UBG.

Line 30: If the Brownfield Redevelopment Credit has been assigned, attach the MBT Brownfield Redevelopment Credit Assignment Certificate to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 33: For the credit to be valid, attach the Certificate of Completion, issued after the completion of the approval process, to the return. (If the certificate is not attached, the credit will be disallowed.)

Line 41: Add lines 38 and 40b. This amount is the Brownfield Redevelopment credit carryforward to be used on the taxpayer's next MBT return.

Attach this schedule to the return.